


ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#23 MAY 17, 2011


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EXECUTIVE OFFICER

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May 17, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

APPROVAL OF AN AMENDMENT TO A FINANCIAL BILLING AND RECOVERY SERVICES AGREEMENT (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

Request approval of an amendment to extend the term of the Financial Billing and Recovery Services Agreement with USCB, Inc. for provision of Third-Party Resource Identification and Recovery Services at Department of Health Services facilities.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 2 to Agreement No. H-702058 with USCB, Inc. (USCB), effective upon Board approval, to extend the term of the Agreement from July 1, 2011 through August 31, 2012 for the continued provision of Financial Billing and Recovery Services (FBRS), and delegate authority to the Director or his designee to add and/or change non-substantive terms and terms and conditions in the Agreement as required by your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended action will allow the Director to execute an amendment (Exhibit I) to the current Agreement with USCB to extend the term and allow the Director the ability to amend the Agreement as applicable. The current Agreement expires on June 30, 2011.

Currently, the County has two Contractors performing FBRs. In addition to USCB, Apollo Health Street Inc. (Apollo) provides services under Agreement No. H-703466 which expires on August 31, 2012. The recommended extension to the USCB Agreement will make it coterminous with the Apollo Agreement and allow sufficient time to conduct a single competitive solicitation for FBRs.

FBRs are comprised of various third-party billing programs including: Third-Party Resource Identification and Recovery Services (TPRIRS), Medicare Bad Debt Recovery Services (MBDRS), and Health Care Plan and Commercial Insurance Billing Services (HCPCIBS).

These programs are an integral part of the DHS collection activities. The Contractor provides a range of services to identify third-party payers and bill them in accordance with third-party payer requirements.

Implementation of Strategic Plan Goals

The recommended action supports Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The Contractor is compensated on a contingency rate not to exceed twenty-five percent for TPRIRS, twenty percent for MBDRS and twenty-five percent for HCPCIBS. Based on the estimated collections for Fiscal Year (FY) 2010-11, the Contractor is expected to generate approximately \$12.5 million in gross revenue annually, of which approximately \$1.3 million is anticipated to be paid in fees to USCB.

Funding is included in the 2011-12 Recommended Budget and will be requested in the FY 2011-12 Final Budget and future fiscal years as needed.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under delegated authority approved by your Board, a replacement Agreement was executed with USCB on July 1, 2006, with four one-year automatic renewals through June 30, 2011. This Agreement was subsequently amended on November 3, 2009, to adjust the maximum contingency fee paid to USCB for MBDRS as compensation for meeting new Centers for Medicare and Medicaid requirements.

In accordance with the delegated authority by your Board on February 17, 2009, this Agreement has been amended to include the Special Accounts provision to add substantially similar revenue recovery services to those offered in the Agreement, with contingent fees equal to or less than the current contingent fees within the Agreement. The recommended amendment updates the Agreement to include the Defaulted Property Tax Reduction Program provision. The County may terminate this Agreement with or without cause, upon 30 days' prior written notice.

DHS has determined that the provisions for the Living Wage Program (County Code Chapter 2.201) do not apply to this Agreement, since the services are provided on an as-needed basis. Account referrals fluctuate from month to month and there are no referral guarantees made by the County.

County Counsel has approved Exhibit I as to form.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure that DHS will continue to maximize revenues for FBRS until the completion of the solicitation process.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is fluid and cursive, with the first name "Mitchell" written in a larger, more prominent script than the last name "Katz".

Mitchell H. Katz, M.D.

Director

MHK:skd

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

FINANCIAL BILLING AND RECOVERY SERVICES AGREEMENT

AMENDMENT NO. 2

THIS AMENDMENT is made and entered into this _____ day
of _____, 2011,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

USCB, INC.
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled "FINANCIAL BILLING AND RECOVERY SERVICES AGREEMENT", dated July 1, 2006, and further identified as County Agreement No. H-702058 (hereafter "Agreement" or "Contract"); and

WHEREAS, it is the intent of the parties hereto to amend the Agreement to extend the term, and reflect any changes described hereinafter; and

WHEREAS, said Agreement provides that changes may be made in the form of a written amendment which is formally approved and executed by both parties.

NOW THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective upon the date of its approval by the County's Board of Supervisors.

2. Subject to the provisions of the Agreement, this Agreement shall continue in full force and effect to and including August 31, 2012.

3. Agreement Paragraph 1, TERM, shall be deleted in its entirety and replaced as follows:

"1. TERM: The term of this Agreement shall commence on July 1, 2006, and shall continue, in full force and effect, to August 31, 2012.

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) calendar days advance written notice to the other party. Further, County may also suspend the performance of services hereunder, in whole or in part, upon the giving of at least thirty (30) calendar days advance written notice to Contractor. County's notice shall set forth the extent of the suspension and the requirements for full restoration of the performance obligations.

Notwithstanding any other provision of this Agreement, the failure of Contractor or its officers, employees, agents, or subcontractors, to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time."

2. Agreement Paragraph 14, ALTERATION OF TERMS, shall be deleted in its entirety and replaced as follows:

"14. AMENDMENTS: For any change which affects the scope of work, term, compensation, payments, or any term or condition included under this

Agreement, an Amendment shall be prepared by the County and executed by the Contractor and by the Board of Supervisors.

The County's Board of Supervisors or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Agreement during the term of this Agreement. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Executive Officer. To implement such changes, an Amendment to the Agreement shall be prepared by the County and executed by the Contractor and by Director.

Special Accounts: From time to time, the County may designate accounts for processing based on County and Contractor mutually agreeing to establish protocols or by referral of accounts as "Special" Accounts. Notwithstanding the paragraphs above, any change to Special Accounts rates shall be set by Director with the written approval of the Contractor, and shall be equal to or reduced from the fees on regularly referred accounts in accordance with Paragraph 3, Billing and Payment.

For any changes in the policies, program information or procedural requirements, addition or removal of a Facility or Facilities from the Agreement, or assignment of special accounts, a written Change Notice shall be prepared by the County and signed by the Director and the Contractor's Contract Project Manager, and approved by County Counsel. Such Change Notice shall become part of this Agreement."

3. Agreement Paragraph 17, CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added as follows:

"17. CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM:

Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers. Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this Agreement will maintain compliance, with Los Angeles Code Chapter 2.206. "

4. Agreement Paragraph 18, TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added as follows:

"18. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM:

Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 17 - Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default under this Agreement. Without limiting the rights and

remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206."

5. Except for the changes set forth herein above, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Mitchell H. Katz, M.D.
Director

USCB, INC.
Contractor

By _____
Signature

Print Name

Title _____

APPROVED AS TO FORM
Andrea Ordin, County Counsel